

ABSTRACT

The Effect of Participation in Budgeting, Cohesiveness, Goal Commitment Towards Budget Performance Moderated By Transformational Leadership (Study in Satuan Kerja Perangkat Daerah Kota dan Kabupaten East Java Province)

Background: East Java province practiced a pseudo participation while the budget performance was ineffective.

Objective: To analyze the effect of participation in budgeting, cohesiveness and goal commitment to budget goals performance which is moderated by transformational leadership.

Methodology: The study was conducted in the city and kabupaten in East Java province by taking one city and two kabupaten as a sample, i.e. Surabaya, Sidoarjo and Pamekasan. The research data were collected using a survey method. The questionnaire was given to 83 head of SKPD in all three cities and kabupaten. This research is explanatory research and data analysis performed using SEM-PLS.

Results: The validity and reliability test of the instrument showed that the instruments are valid and reliable. Test results concluded that (1) Reject the first hypothesis that participation in the budgeting effect on the performance of the budget, (2) Accept the second hypothesis that participation in the budgeting effect goal commitment, (3) Reject the third hypothesis that participation in the budgeting effect cohesiveness, (4) Accept the fourth hypothesis that cohesion has effect goal commitment, (5) Accept the fifth hypothesis that goal commitment has effect on the performance of the budge, and (6) Accept the sixth hypothesis that transformational leadership strengthens the influence of commitment to the goals budget performance.

Conclusion: Participation in budgeting do not result in higher budget performance as well as group cohesiveness. Transformational leaders tend to improve the budget performance of committed people.

Keywords: Budget Participation, Cohesiveness, Goal Commitment, Budget Performance, Transformational Leadership